

JUL 21 1993

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D. C. 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of )  
Treatment of Operator Services ) CC Docket No. 93-124  
Under Price Cap Regulation )

AT&T REPLY COMMENTS

Pursuant to the NPRM in this proceeding,<sup>1</sup>  
American Telephone and Telegraph Company ("AT&T") hereby  
replies to the comments of other parties on the  
Commission's proposal to establish a new service category

this modest revision to the structure of the LEC price

baskets,<sup>5</sup> while others have included these services in the Information category of the traffic sensitive basket,<sup>6</sup> and still other carriers have assigned them to the Local Transport category in that basket.<sup>7</sup> The NPRM concludes (§ 4) that the current treatment provides the LECs an unwarranted ability to raise rates for these operator services, relative to those carriers' other traffic sensitive or interexchange rates.<sup>8</sup> The Commission therefore proposes to establish a separate operator services category in the traffic sensitive basket, and to apply a five percent banding limitation to those rates to "ensure that operator services [access] customers as a whole will not experience large price increases or decreases" for these offerings. Id.

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<sup>5</sup> E.g., Bell Atlantic, BellSouth, NYNEX (line status verification service), Pacific Bell, and Southwestern Bell.

<sup>6</sup> E.g., GTE, SNET (line status verification service) and United.

<sup>7</sup> E.g., Ameritech (operator transfer service), NYNEX (operator transfer service), and SNET (operator transfer service).

<sup>8</sup> The LECs' ability to manipulate rates in this manner is illustrated by NYNEX's 1992 annual access tariff filing. There, NYNEX proposed increases of up to 47 percent in its rates for line status verification access service which that carrier has included in the interexchange basket and reductions of up to 50

Predictably, all of the LEC commentators object to the Commission's proposal.<sup>9</sup> Their filings consist largely of diatribes against Commission orders that have already established or proposed similar separate category and banding requirements for other LEC access services.<sup>10</sup> Other than these impermissible (and entirely irrelevant) collateral attacks on the Commission's administration of the price cap plan,<sup>11</sup> the comments raise only four

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<sup>9</sup> In lieu of the NPRM's proposed treatment of these LEC operator services, a few LECs propose that the Information category within the Traffic Sensitive basket be expanded to include these rate elements. See GTE, pp. 1, 3-4; NYNEX, pp. 3-4; SNET, p. 3. This proposed alternative would at least establish uniform price cap procedures for the LECs and (due to the lower revenues in the Information category) limit somewhat their latitude to impose operator services rate increases on their access customers. However, the Commission has previously rejected requests by the LECs to include operator transfer and line status verification services in the Information rate element of Part 69, because these services "perform a different function" than directory assistance. Ameritech Operating Companies (Petition for Waiver of Section 69.4(b) of the Commission's Rules), 6 FCC Rcd. 1541, 1542 (1991) ("Ameritech Waiver Order") (¶ 16).

arguments against the NPRM's proposal. None of these claims withstands analysis.

First, the LECs contend that restricting their access pricing flexibility with respect to operator services is unnecessary because those offerings are

would unduly constrain their pricing flexibility, particularly to effectuate downward adjustments in their operator services rates.<sup>14</sup> These assertions are likewise unfounded. The NPRM would simply establish a new service category for LEC operator services. Nothing in the NPRM's proposal would alter the pricing flexibility which the LECs already possess under the Commission's price cap rules.

The LECs further contend that establishing a separate operator services category with banding limits would impose unwarranted administrative burdens on those carriers and would unduly complicate the Commission's price cap monitoring responsibilities.<sup>15</sup> These unsupported assertions are frivolous. In order to prepare revenue weightings for their current price indices, the LECs already compile the same base period demand information for their operator services that would be required to establish a separate service category for those rate elements. Moreover, the same regulatory tools that the Commission already uses to determine the LECs' compliance with their current basket and service category limits, such as the annual Tariff Review Plans ("TRPs"),

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<sup>14</sup> See, e.g., BellSouth, p. 3; GTE, p. 2; NYNEX, p. 3.

<sup>15</sup> See, e.g., Bell Atlantic, pp. 1, 3; BellSouth, p. 4; SNET, p. 2; United, p. 3.

can readily be used to monitor these carriers' adherence to the band limits for a new operator services category.

Finally, some commentators<sup>16</sup> urge that the creation of a separate operator services category be deferred until after the review of the LECs' performance under price caps which the Commission is scheduled to commence next year.<sup>17</sup> None of these parties, however, explains how that delay would benefit the Commission's performance review or serve the interests of access ratepayers. Moreover, the LEC Price Cap Order emphasized that, in the interim leading up its performance review, the Commission would carefully scrutinize the operation of its incentive regulation plan for these carriers and would make adjustments to those rules as necessary.<sup>18</sup> As shown above, the NPRM correctly identifies a need for such modification with respect to the treatment of operator services rate elements. There is no reason to put off the implementation of that revision.

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<sup>16</sup> See Bell Atlantic, p. 1; USTA, p. 5; U S WEST, p. 3.

<sup>17</sup> See Policies and Rules Concerning Rates for Dominant Carriers, 5 FCC Rcd. 6786, 6834 (1990) ("LEC Price Cap Order") (¶¶ 385-386).

<sup>18</sup> Id. at 6834 (¶ 388).

WHEREFORE, for the reasons stated above, the Commission should adopt its proposal to establish a separate service category in the traffic sensitive basket for the LECs' operator services rate elements.

Respectfully submitted,

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## APPENDIX A

Ameritech Operating Companies ("Ameritech")

Bell Atlantic Operating Companies ("Bell Atlantic")

BellSouth Telephone Companies ("BellSouth")

GTE Service Corporation ("GTE")


NYNEX Telephone Companies ("NYNEX")

Pacific Bell and Nevada Bell ("PacTel")

~~Rockwell Telephone Corporation ("Rockwell")~~

CERTIFICATE OF SERVICE

I, Ann Marie Abrahamson, do hereby certify that on this 21st of July, 1993, a copy of the foregoing "AT&T Reply Comments" was mailed by U.S. first class mail, postage prepaid, to the parties on the attached Service List.

  
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